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Terra Luna Burn: Will Terra Luna Use Up All of Its Supply?

For the collapsing crypto, a [Terra Luna burn](#) could have been an option. One notion to aid the recovery of the [Luna](#) was to destroy its supply on the moon, but is this still possible?

Several Luna holders hoped to see a Terra Luna burn to reduce the circulating supply of Luna and maybe improve its value following the [Luna crypto crash](#). Is it possible that Luna burns will be a success like Shiba Inu burns within the SHIB community?

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What Will Happen to Terra Luna's Supply?

No luna burn option was selected as part of Terra's rehabilitation strategy. A burn may theoretically have the same effect on the supply, but the decision to restart the chain was a more nuanced one. Instead of 6.5 trillion Luna, this new chain will start with just 1 billion.


The Luna's holders hoped that by burning the coin, they would increase the scarcity of their coins, which would lead to a price increase back to \$1. To reestablish this price, a huge amount of money would have to be squandered.

In the beginning, this appeared to be the preferred method of Binance CEO CZ. Since the partial delisting of Luna on Binance, he has maintained constant communication with the Luna team. Binance, on the other hand, appears not to be adding to the fire with its support for Binance Luna 2.0.

Despite the [Terra Luna](#) vote authorizing a new chain, a large portion of the Luna community seems to want a burn instead. Throughout the voting process, the #BurnLuna hashtag was trending on Twitter.

Reducing supply should be done via burn, not fork at an old date, and abandon everyone who tried to rescue the coin.

I don't own any LUNA or UST either. Just commenting.

— CZ  Binance (@cz_binance) [May 14, 2022](#)

The Luna burn was not universally supported by the cryptocurrency community. TerraForm Labs and the Luna Foundation Guard have been called on by some Luna holders to buy and burn the supply, and users have questioned where these places would get the money to perform such large burns from

Do Kwon has admitted that TerraForm Labs does not have the funds or coins to destroy the Luna circulating supply, and this is confirmed by TerraForm's CEO. There's no way he could afford that, he claimed.

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Terra Classic Burn

This burning urge can be scratched even as a second coin called Luna Classic replaces Luna 2.0 as Luna's primary form. Owners of Luna Classic (LUNC) can only hope that the price of their coins will rise as a result of their burning.

Although Luna 2.0's list of crypto exchanges continues to grow, certain exchanges have already pledged to burn Luna through transaction fees. With a circulating supply of 6.5 trillion, these burns will have to be quite large in order to have an impact on Luna Classic.

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Terra Classic Burn Proposal

The group of ex-Luna holders has been a tremendous help in promoting Luna Classic. After the hard fork, when the new chain's genesis block was created, Luna Classic (LUNC) inherited all of the characteristics of the original Luna coin. TerraUSD, the company's algorithmic stablecoin, relies on Luna Classic to help keep its price stable (UST).

In September 2022, a proposal for taxing all transactions in Luna Classic at 1.2% was approved after being discussed on Terra's forum and voted on by the community. The periodic burning of these levies is intended to raise the price of Luna Classic by reducing supply while simultaneously increasing demand.

Luna's Burn Rate

Do Kwon, the CEO of TFL, revealed the Luna fire address on Twitter, which appears to have sparked a movement to burn the game. While Kwon questioned why holders would do this, claiming that it is "actually burning money," this has not stopped holders from doing so. As of June 2, holders had spent 1.05 billion Luna in 3760 transactions, according to the explorer. It only accounts for 0.016 percent of the total supply.

Future of Terra Classic

In May 2022, the Terra blockchain crashed, causing widespread panic in the cryptocurrency sector. Also, an inquiry is still ongoing into Do Kwon's part in the collapse of the blockchain. Regardless of these setbacks, the Terra Classic blockchain has shown encouraging indicators.

After Binance's endorsement of Luna Classic token burning, the coin began to rise in popularity. Because of this, those who had previously given up on Luna Classic's value now felt optimistic about its future. As developments occur rapidly in the cryptocurrency industry, we will be watching Luna Classic closely to see what comes next.

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